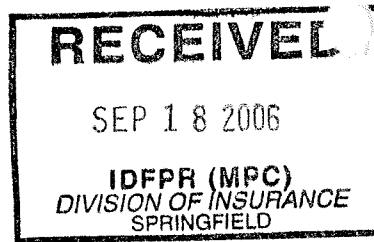




40 Wall Street - 9<sup>th</sup> Floor New York, New York 10005

September 14, 2006

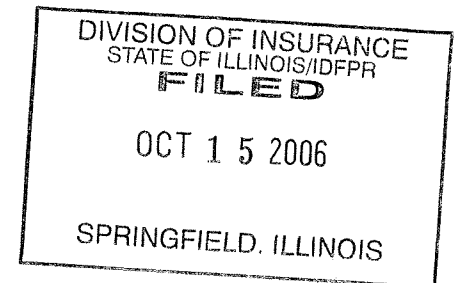
Illinois Department of Insurance  
Property & Casualty Compliance Unit  
320 West Washington Street  
Springfield, IL 62767-0001



**Lakesha Houser**

Regulatory Filings Technician  
P & C State Filing Unit  
Telephone 212-440-3470  
Facsimile 212-440-2877  
Toll Free 877-269-3277 x 3470  
Internet Lakesha.Houser@cna.com

RE: **American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560**  
Healthcare Providers Services Organization Risk Purchasing Group  
Professional Liability  
~~Forms~~ and Rule Filing  
**Our File # 06-2113-R**



Honorable Commissioner Manna:

On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the captioned forms, rate and rule filing for use with our Healthcare Providers Services Organization Program currently on file with your department.

**Enclosed please find:**

- ~~Forms Filing Memorandum providing further details regarding the new and revised forms including:
  1. Revised Form GSL 5587XX (ed.11-05) Consulting Services Liability Endorsement (previously filed under our filing id # Mega 3 08-01).
  2. New Form GSL 5589XX (ed.12-05) Medical Director or Administrator (with sublimits)
  3. New Form GSL 5548XX (ed. 11-05) Case Management Services Liability Endorsement~~
- Revised Countrywide Manual Pages in which new rules applying to these new and revised forms have been added to section XVIII and XIX.

These changes will become applicable to all policies written on or after **October 15, 2006**, or the earliest date permitted by your state.

Sincerely,

Lakesha Houser

Regulatory Filings Technician

**RULE ONLY**

## Property &amp; Casualty Transmittal Document (Revised 1/1/06)

## 1. Reserved for Insurance Dept. Use Only

## 2. Insurance Department Use only

a. Date the filing is received:

b. Analyst:

c. Disposition:

d. Date of disposition of the filing:

e. Effective date of filing:

New Business

Renewal Business

f. State Filing #:

g. SERFF Filing #:

h. Subject Codes

RECEIVED

SEP 18 2006

IDFPR (MPC)  
DIVISION OF INSURANCE  
SPRINGFIELD

## 3. Group Name

CNA Insurance

## Group NAIC #

218

## 4. Company Name(s)

## Domicile

## NAIC #

## FEIN #

American Casualty Company of Reading PA

PA

20427

23-0342560

## 5. Company Tracking Number

06-2113 FR

## Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

## 6. Name and address

## Title

## Telephone #s

## FAX #

## e-mail

Lakesha Houser

Regulatory  
Filings  
Technician

212-440-3470

212-440-2877

Lakesha.Houser@cna.com

40 Wall Street- 9<sup>th</sup> Floor  
New York, NY 10005

## 7. Signature of authorized filer

## 8. Please print name of authorized filer

Lakesha Houser

## Filing information (see General Instructions for descriptions of these fields)

## 9. Type of Insurance (TOI)

MED MAL

## 10. Sub-Type of Insurance (Sub-TOI)

NURSES

## 11. State Specific Product code(s) (if applicable)[See State Specific Requirements]

NA

## 12. Company Program Title (Marketing title)

Healthcare provider services organization

## 13. Filing Type

☐ Rate/Loss Cost ☒ Rules ☐ Rates/Rules  
☒ Forms ☐ Combination Rates/Rules/Forms  
☐ Withdrawal ☐ Other

## 14. Effective Date(s) Requested

New: 10/15/2006

Renewal: 10/15/2006

## 15. Reference Filing?

☐ Yes ☒ No

## 16. Reference Organization (if applicable)

na

## 17. Reference Organization # &amp; Title

na

## 18. Company's Date of Filing

9/14/2006

**19. Status of filing in domestic file**☐ Not Filed☐ Pending☒ Authorized☐ Disapproved**Property & Casualty Transmittal Document—****20. This filing transmittal is part of Company Tracking #** 06-2113 FR**21. Filing Description** [This area should be similar to the body of a cover letter and is free-form text]

40 Wall Street – 9th Floor New York, New York 10005

September 14, 2006

Illinois Department of Insurance  
 Property & Casualty Compliance Unit  
 320 West Washington Street  
 Springfield, IL 62767-0001

American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560  
 Healthcare Providers Services Organization Risk Purchasing Group  
 Professional Liability  
 Forms and Rule Filing  
 Our File # 06-2113

Honorable Commissioner Manna:

On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the captioned forms, rate and rule filing for use with our Healthcare Providers Services Organization Program currently on file with your department.

Enclosed please find:

Forms Filing Memorandum providing further details regarding the new and revised forms including:

1. Revised Form GSL 5587XX (ed.11-05) Consulting Services Liability Endorsement (previously filed under our filing id # Mega 3 08-01).
2. New Form GSL 5589XX (ed.12-05) Medical Director or Administrator (with sublimits)
3. New Form GSL 5548XX (ed. 11-05) Case Management Services Liability Endorsement

Revised Countrywide Manual Pages in which new rules applying to these new and revised forms have been added to section XVIII and XIX.

These changes will become applicable to all policies written on or after October 15, 2006, or the earliest date permitted by your state.

Sincerely,

Lakesha Houser  
 Regulatory Filings Technician

**22. Filing Fees** (Filer must provide check # and fee amount if applicable)

[If a state requires you to show how you calculated your filing fees, place that calculation below]

**Check #:**

**Amount:**

NO STATE FILING FEES

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing.)

1.	<b>This filing transmittal is part of Company Tracking #</b>	<b>06-2113 R</b>
----	--	------------------

2.	<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	<b>06-2113 F</b>
----	---	------------------

☐ Rate Increase

☐ Rate Decrease

☐ Rate Neutral (0%)

3.	<b>Overall percentage rate impact for this filing</b>	
----	---	--

4.	<b>Effect of Rate Filing – Written premium change for this program</b>	
----	--	--

5.	<b>Effect of Rate Filing – Number of policyholders</b>	
----	--	--

6.	<b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b>	<b>Prior Approval</b>
----	--	-----------------------

7.	<b>Rate Change by Company</b>		
	<b>Company Name</b>	<b>Percentage Change for this program</b>	<b># of policyholders for this program</b>
	American Casualty Co		
	Of Reading PA		

8.	<b>Overall percentage of last rate revision</b>	<b>+20.3%</b>
----	---	---------------

9.	<b>Effective Date of last rate revision</b>	<b>8/31/2006</b>
----	---	------------------

10.	<b>Filing Method of Last filing</b> (Prior Approval, File & Use, Flex Band, etc.)	<b>Prior Approval</b>
-----	--	-----------------------

11.	<b>Exhibit Name/Description /Synopsis</b>	<b>Rule # or Page #</b>	<b>Replacement or withdrawn?</b>	<b>Previous state filing number, if required by state</b>
01	Company Pages	1-15	<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
02			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
03			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
04			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	
05			<input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn <input type="checkbox"/> Neither	

To be complete, a rate/rule filing must include the following:

1. A completed Rate/Rule Filing Transmittal document (PC RRFS-1) (Do not refer to the body of the filing for the component/exhibit listing.) and,
2. A completed Property & Casualty Transmittal Document (PC TD-1) and,
3. One copy of all rate/rule components/exhibits submitted with the filing, and
4. The appropriate state review requirements, if required, and
5. The appropriate filing fees, if required, and
6. A postage-paid, self-addressed envelope large enough to accommodate the return
7. You should refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

## SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 10/15/2006

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private Passenger Commercial	<u>n/a</u>	<u>n/a</u>
2. Automobile Physical Damage Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other _____		
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify: \_\_\_\_\_

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): \_\_\_\_\_  
See explanatory memorandum \_\_\_\_\_

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

American Casualty Company of Reading, PA

Name of Company

Regulatory Filings Technician

Official – Title

## ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Sharon Robinson, a duly authorized officer of American Casualty Company of Reading, PA, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

Sharon K Robinson Vice President & Actuary 9-28-06  
Signature and Title of Authorized Insurance Company Officer Date

Insurance Company FEIN: 23-0342560 Filing Number: 06-2113-R

Insurer's Address 40 Wall Street, 9<sup>th</sup> Floor

City New York State NY Zip Code 10005

Contact Person's:

-Name and E-mail Lakesha Houser

Lakesha.Houser@cna.com

-Direct Telephone and Fax Number 212 440-3470

Fax # 212 440-2877

## Neuman, Gayle

**From:** Cortina,Kristine [Kristine.Cortina@CNA.com]  
**Sent:** Monday, November 06, 2006 3:54 PM  
**To:** Neuman, Gayle  
**Cc:** Alonzo,Robert A.  
**Subject:** RE: Rule Filing #06-2113-R Healthcare Providers Services Org. Risk Purchasing Group

Dear Ms. Neuman:

Thank you for your e-mail sent earlier today. Please note that All statistics regarding this program are reported to Insurance Services Office (ISO).

Thank you.

Kristine Cortina  
CNA  
212 440-3223

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Monday, November 06, 2006 12:12 PM  
**To:** Cortina,Kristine  
**Subject:** Rule Filing #06-2113-R Healthcare Providers Services Org. Risk Purchasing Group

Ms. Cortina,

In regard to the filing referenced above, please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Your prompt immediate attention is appreciated.

Gayle Neuman  
(217) 524-6497

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.



E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

**Neuman, Gayle**

---

**From:** Cortina,Kristine [Kristine.Cortina@CNA.com]  
**Sent:** Thursday, November 02, 2006 2:46 PM  
**To:** Neuman, Gayle  
**Cc:** Alonzo,Robert A.  
**Subject:** RE: 06-2113 American Casualty Company obj#3  
**Attachments:** IL State Pages - 10-2006-Revised.doc

Good Afternoon Ms. Neuman:

In response to your e-mails dated October 11, 2006 (below) and your follow up e-mail dated October 26, 2006 we offer the following:

- 1) Attached please find our revised Illinois Company State Page edition 10/2006 for use with the captioned Health Care Providers Program. We have added an amendment to the State page to revise the Premium Payment Plan rule as required by the Director for all medical malpractice policies.
- 2) Regarding the ISO Code referenced under Section XX. Rules for School Blanket on page 13 of 15. Please note that this was addressed and approved in our previous Health Care provider Rate filing 05-R2090. The actuarial memorandum submitted in that filing explained that code 80998 is the ISO code for Healthcare Provider Students. Under our 05-R2090 filing ( that was approved by your department) we combined the Student Blanket Program into our larger Healthcare Provider Program. Further details are explained in the actuarial memorandum under the 05-R2090 filing.

Thank you for your patience and your continued review of this filing. Please contact me with any further questions.

Kristine Cortina  
CNA  
212 440-3223

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Wednesday, October 11, 2006 3:19 PM  
**To:** Cortina,Kristine  
**Subject:** RE: 06-2113 American Casualty Company obj#3

Ms. Cortina,

Thank you for your response.

On 8/15/06, an e-mail was sent to Robert Alonzo in regard to the Director's position on the quarterly premium installment payment plan for all medical malpractice insurance policies. The requirement for the quarterly plan was changed to indicate that it was not required to be offered on the extended reporting period premium or for insureds with annual premiums under \$500.

Your prompt cooperation is appreciated.

Gayle Neuman  
Illinois Department of Financial & Professional Regulation  
Division of Insurance

11/2/2006

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

**Neuman, Gayle**

---

**From:** Neuman, Gayle  
**Sent:** Thursday, October 26, 2006 9:03 AM  
**To:** 'Cortina,Kristine'  
**Subject:** American Casualty Co of Reading, PA - Rule Filing #06-2113-R

Ms. Cortina,

We are still awaiting your response to my e-mail dated October 11, 2006.

We additionally request information about the ISO Code referenced under Section XX. Rules for School Blanket on page 13 of 15.

Your response to all outstanding issues is requested to be received by the Division by no later than November 2, 2006.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

10/26/2006

**Neuman, Gayle**

---

**From:** Cortina, Kristine [Kristine.Cortina@CNA.com]  
**Sent:** Tuesday, October 10, 2006 2:13 PM  
**To:** Neuman, Gayle  
**Cc:** Alonzo, Robert A.; Lockhart, John C.; Rambarran, Anesa  
**Subject:** RE: 06-2113 American Casualty Company obj#3  
**Attachments:** IL #05-R2090 Resp5.doc; IL #05-2090 APPROVAL .doc

Dear Ms. Neuman:

Thank you for your e-mail dated October 3, 2006 to Lakesha Houser formerly of our department. Please note that Lakesha Houser is no longer with CNA and all future correspondence on this filing can be directed to my attention or to Robert Alonzo at [robert.alonzo@cna.com](mailto:robert.alonzo@cna.com).

In response to the issues addressed in your October 3, 2006 please note the following: The 05-R2099 filing referred to in your e-mail is a different product. The 05-R2099 filing from 2005 was for the Certified Registered Nurses Anesthetists Professional Liability Program for the Magaw Healthcare Professionals Purchasing Group.

This current pending 06- 2113 filing is our Professional Liability Program for the Healthcare Providers Services Organization . These are 2 different programs. The previous applicable filing for the Healthcare Providers Services Organization Professional Liability Program was under our filing id. 05-R2090. In the 05-R2090 filing we responded to the quarterly premium installment payment plan option as follows(see attached letters from the 05-R2090 filing):

In our view, installment premium payment options are costly to administer. While it may be possible to offer this option to insureds whose premium charge is significant, this option would become administratively burdensome for those insureds whose premium charge is nominal. At the present time, CNA is working with Director McRaith to respond to the proposed regulation and offer a viable recommendation to implement the statutory intent without posing an impediment to transacting business on other medical professional liability business segments. We look forward to Director McRaith's consideration of our concerns. As such, we will defer developing a premium payment installment plan until issuance of the final regulation.

This above response was approved by your department in the 05-2090 filing(see attached approval letter). Since this current 06-2113 is an update to forms/rules under this same approved 05-R2090 filing, the above accepted response to the premium payment plan issue applies to this 06-2113 filing as well.

Thank you and please feel free to contact me if you wish to discuss further.

Kristine Cortina  
212 440-3223

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, October 03, 2006 3:33 PM  
**To:** Houser, Lakesha  
**Subject:** Rate/Rule Filing #06-2113R

10/10/2006

Ms. Houser,

Please see the forwarded e-mail and attachments wherein American Casualty Company of Reading, PA has added the requested language in a previous filing (#05-R2099) to the manual regarding the quarterly premium installment payment plan. Therefore, such language additionally needs to be added to the pending filing.

We request receipt of your response and attachments by October 10, 2006. Thank you for your cooperation.

Gayle Neuman  
(217) 524-6497

---

**From:** Alonzo, Robert A. [mailto:Robert.Alonzo@CNA.com]  
**Sent:** Monday, August 28, 2006 1:12 PM  
**To:** Neuman, Gayle  
**Subject:** RE: Rate/Rule Filing #05-R2099

Ms. Neuman,

Attach is our response.

Thanks  
Robert Alonzo

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

K

40 Wall Street - 9<sup>th</sup> Floor  
New York, New York 10005

**Robert Alonzo**  
State Filing Analyst  
P & C State Filing Unit  
CNA Global Specialty Lines

July 7, 2006

Telephone 212-440-3478  
Facsimile 212-440-2877  
Toll Free 877-269-3277  
x 3478  
Internet  
robert.alonzo@cna.com

Ms. Gayle Neuman  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767

RE: *American Casualty Company of Reading, PA*      *NAIC # 218-20427*      *FEIN # 23-0342560*  
*Healthcare Providers Services Organization*  
*Professional Liability*  
*Rate/Rules Filing*  
*Our File #: 05-R2090*  
*SERFF Tracking #: USPH-6GPLWW636*

Dear Ms. Neuman:

Thank you for your e-mail dated May 22, 2006. Please note our following response to the issue you raised.

- In regard to the installment payment plan, we require the manual state that the company will offer to every medical liability insured a premium installment payment plan as the language in the law states. There should not be any reference to "eligible" or "may offer" or a minimum annual premium. There was no premium threshold included in the law to allow a minimum premium limitation. Therefore, please submit an updated manual page with such change.**

**Additionally, there is current legislation pending in regard to the installment payment plan. Upon such legislation being finalized, we will advise you if the manual would require additional information or changes.**

Under the 2005 medical liability reform statute, an option must be offered to each of the medical liability insureds of every company writing medical liability insurance in Illinois to make premium payments in quarterly installments. On February 10, 2006, a proposed regulation was issued to implement this law that would require medical liability insurance companies to file with the Secretary or Director a plan to offer each medical liability insured the option to make **premium** payments, including **premium** for extended reporting period coverage, in at least quarterly **installments**. These provisions would be required to be maintained in the filed rate and/or rule manual in a section entitled "Quarterly Installment Option" or a substantially similar title. *50 Ill. Adm. Code 930 (e)*.

In our view, installment premium payment options are costly to administer. While it may be possible to offer this option to insureds whose premium charge is significant, this option would become administratively burdensome for those insureds whose premium charge is nominal. At the present time, CNA is working with Director McRaith to respond to the proposed regulation and offer a viable

recommendation to implement the statutory intent without posing an impediment to transacting business on other medical professional liability business segments. We look forward to Director McRaith's consideration of our concerns. As such, we will defer developing a premium payment installment plan until issuance of the final regulation.

Thank you for your continued review of this filing.

Sincerely,

*Robert Alonzo*

Robert Alonzo  
State Filing Analyst



## Disposition Report

Report Type: Disposition Report  
Created by Gayle Neuman on 08/31/2006

Filing Originally Sent: 10/07/2005 02:04:17 PM  
Sent: 08/31/2006 09:01:11 AM

State: Illinois  
SERFF Tracking No.: USPH-6GPLWW636/00-00/00-06/00  
Lead Company: CNA Global Specialty Lines NY

Response To: TransmittalHeader  
Response To SERFF: USPH-6GPLWW636/00-00/00-00/00  
Tracking No.: 00/00  
Company: American Casualty Company of Reading - PA  
Project Name: None  
Project No.: None

Product Name: Nurses Rate  
Filing Date: 10/07/2005

State Tracking No.: 05-R2090  
TOI: 11.0 Medical Malpractice - Claims Made/Occurrence  
Disposition: Filed  
Reviewer Phone No.: None

Company Tracking No.: None  
Sub TOI: 11.0013 Nurse - Practitioners  
SERFF Status: None

No disposition descriptions.

Disposition: Filed  
Disposition Date: 08/31/2006  
Effective Date Type: New  
Effective Date: 08/31/2006  
Implementation Date: None  
Deemer Date: None

Comments: Pursuant to my conversation with Robert Alonzo on 8/31/06, the filing was not put in effect as of 10/15/05.

### Applies to Components

CH 01/00 -- Rate and/or Rule Submission Le  
CH 02/00 -- Explanatory memorandum  
CH 03/00 -- Summary Sheet (RF-3)  
CH 04/00 -- Certification  
CH 05/00 -- Rate and/or Rule pages withdra  
CH 06/00 -- Manual  
CH 07/00 -- Actuarial justification

**File Attachments:** None

**Neuman, Gayle**

---

**From:** Neuman, Gayle  
**Sent:** Tuesday, October 03, 2006 2:33 PM  
**To:** 'Lakesha.Houser@CNA.com'  
**Subject:** Rate/Rule Filing #06-2113R  
**Attachments:** IL #05-R2099 resp #4.pdf; IL State Pages - CRNA 09-06.pdf

Ms. Houser,

Please see the forwarded e-mail and attachments wherein American Casualty Company of Reading, PA has added the requested language in a previous filing (#05-R2099) to the manual regarding the quarterly premium installment payment plan. Therefore, such language additionally needs to be added to the pending filing.

We request receipt of your response and attachments by October 10, 2006. Thank you for your cooperation.

Gayle Neuman  
(217) 524-6497

---

**From:** Alonzo, Robert A. [mailto:Robert.Alonzo@CNA.com]  
**Sent:** Monday, August 28, 2006 1:12 PM  
**To:** Neuman, Gayle  
**Subject:** RE: Rate/Rule Filing #05-R2099

Ms. Neuman,

Attach is our response.

Thanks  
Robert Alonzo

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

10/3/2006



40 Wall Street - 9<sup>th</sup> Floor  
New York, New York 10005

**Robert Alonzo**

State Filing Analyst  
P & C State Filing Unit  
CNA Global Specialty Lines

August 28, 2006

Telephone 212-440-3478  
Facsimile 212-440-2877  
Toll Free 877-269-3277 x 3478  
Internet robert.alonzo@cna.com

Ms. Gayle Neuman  
Property & Casualty Compliance Unit  
Division of Insurance  
Illinois Department of Financial & Professional Regulation  
320 West Washington Street  
Springfield, IL 62767

RE: *American Casualty Company of Reading, PA NAIC# 218-20427 FEIN# 23-0342560*  
*Magaw Healthcare Professionals Purchasing Group Association*  
Certified Registered Nurses Anesthetists Professional Liability Insurance  
**Rate Filing**  
**Our File #: 05-R2099**

Dear Ms. Neuman:

Thank you for your e-mail dated August 25, 2006. Please note our following response to the issue you raised.

- 1 - 4. In response to your comments, we revised an amended rule (section II.E) for the premium payment plan in the Illinois Company State Pages. The revised Illinois Company State Pages are attached and they replace any earlier editions that were submitted as part of this filing.

Thank you for your continued review of this filing.

Sincerely,

*Robert Alonzo*

Robert Alonzo  
State Filing Analyst

*Sample*

**COMPANY STATE PAGE FOR  
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

- E. Rule VIII, Premium Payment Plan is deleted and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;
- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**III. RATES**

- A. All rates indicated below are for Professional Liability limits of \$100,000 each claim, with a \$300,000 annual aggregate.

Territory 1: \$3,740  
Territory 2: \$3,294  
Territory 3: \$3,117

- B. Territories are defined as follows:

Territory 1: The counties of Cook, Madison, and St. Clair  
Territory 2: The counties of Du Page, McHenry, Kane, Lake, Will, Champaign, Jackson, Kankakee, LaSalle, Macon, Sangamon, Vermilion  
Territory 3: Remainder of State

- C. The rate for an individual nurse anesthetist student is \$275.

## Neuman, Gayle

---

**From:** Houser, Lakesha [Lakesha.Houser@CNA.com]  
**Sent:** Friday, September 29, 2006 9:25 AM  
**To:** Neuman, Gayle  
**Subject:** American Casualty Co. of Reading, PA - Rule Filing #06-2113-R  
**Importance:** High  
**Attachments:** 06-2113 R\_RESP #2 3-IL.pdf; CW Rules 01-2006 highlighted (2).pdf; MED MAL CERTIFICATION FORM.doc.pdf

Good Morning Ms. Neuman

Thank you for your two emails referenced below.

Attached please find our response

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Wednesday, September 20, 2006 11:55 AM  
**To:** Houser, Lakesha  
**Subject:** American Casualty Company of Reading, PA - Rule Filing #06-2113-R

Ms. Houser,

In addition to the requests in my e-mail dated September 18, 2006, you are required to address the following:

1. Is the optional general liability coverage available on a claims-made policy? If so, the Extended Reporting Period Coverage requirements under XII will need to offer a) a free 5 year tail or (b) an unlimited tail with limits reinstated (100% of aggregate expiring limits for the duration) and premium capped (e.r.p. is limited to a 200% cap of the annual premium of the expiring policy). The company must inform the insured of the e.r.p. premium at the time the last policy is purchased. The premium will be priced as a factor of (1) the last 12 months' premium, (2) the premium in effect at policy issuance, or (3) the expiring annual premium. The form must list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.
2. Are the two pages marked "Healthcare Provider" (that include the rates filed effective May 15, 2004) still current?
3. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. Additionally, we request a written statement indicating the only changes made to the filing were disclosed to this Division.

Your response is requested by September 29, 2006.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

9/29/2006

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Monday, September 18, 2006 3:43 PM  
**To:** Houser, Lakesha  
**Subject:** American Casualty Co. of Reading, PA - Rule Filing #06-2113-R

Ms. Houser,

We are in receipt of the above referenced filing submitted by your letter dated September 14, 2006. In the future, we require the company to submit rate/rule filings separately from form filings. We have separated these filings, and added "-R" to the filing number for the rule filing.

The following additional information/documentation is required:

1. It shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates and/or rate rules are based on sound actuarial principles and are not inconsistent with the company's experience. Please complete the attached certification form.
2. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. Additionally, we request a written statement indicating the only changes made to the filing were disclosed to this Division.
3. The new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR). The following requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds.
  - a. All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.
  - b) An initial payment of no more than 40% of the estimated total premium due at policy inception;
  - c) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
  - d) No interest charges (indicate this with wording if applicable);
  - e) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
  - f) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

We request receipt of your response by no later than September 29, 2006.

Gayle Neuman

9/29/2006

Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.



40 Wall Street - 9<sup>th</sup> Floor New York, New York 10005

September 29, 2006

Illinois Department of Insurance  
Property & Casualty Compliance Unit  
320 West Washington Street  
Springfield, IL 62767-0001

**Lakesha Houser**

Regulatory Filings Technician  
P & C State Filing Unit  
Telephone 212-440-3470  
Facsimile 212-440-2877  
Toll Free 877-269-3277 x 3470  
Internet Lakesha.Houser@cna.com

RE: **American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560**  
Healthcare Providers Services Organization Risk Purchasing Group  
Professional Liability  
Rule Filing  
**Our File # 06-2113 R**

Ms. Neuman:

Thank you for your e-mails dated September 18<sup>th</sup> and September 20, 2006 regarding the captioned filing. In response to the issues addressed we offer the following:

**Responses to Illinois Department Comments made September 18, 2006:**

1. As requested in your e-mail, attached please find the completed medical malpractice certification form signed by an authorized officer and actuary.
2. Please note the only thing being added by this captioned filing are new rules applying to the new and revised forms submitted under the forms portion of this filing. The new rules have been added to **page 10, section XVIII, letter C, items 6 & 7 and page 13, section XIX, Letters I, J and K.** A highlighted copy of the added rules is attached for your convenience.

American Casualty Company of Reading, PA confirms in writing that the above noted changes are the only changes made and all changes are disclosed to your Division.

3. Please refer to our recent accepted correspondence regarding this issue in an earlier Healthcare Provider Rate filing, our filing number: 05-R2090. The 05-R2090 filing approved by your department on August 31, 2006 included the IL state exception pages that work with this filing. The same payment plan issue came up and on July 7, 2006 we responded as follows:

"Under the 2005 medical liability reform statute, an option must be offered to each of the medical liability insureds of every company writing medical liability insurance in Illinois to make premium payments in quarterly installments. On February 10, 2006, a proposed regulation was issued to implement this law that would require medical liability insurance companies to file with the Secretary or Director a plan to offer each medical liability insured the option to make **premium** payments, including **premium** for extended reporting period coverage, in at least quarterly **installments**. These provisions would be required to be maintained in the filed rate and/or rule manual in a section entitled "Quarterly Installment Option" or a substantially similar title. *50 Ill. Adm. Code 930 (e)*.



In our view, installment premium payment options are costly to administer. While it may be possible to offer this option to insureds whose premium charge is significant, this option would become administratively burdensome for those insureds whose premium charge is nominal. At the present time, CNA is working with Director McRaith to respond to the proposed regulation and offer a viable recommendation to implement the statutory intent without posing an impediment to transacting business on other medical professional liability business segments. We look forward to Director McRaith's consideration of our concerns. As such, we will defer developing a premium payment installment plan until issuance of the final regulation."

This response applies to the captioned filing as well, since it is in fact an update to the 05-R2090 filing (The update being only the addition of 3 new rules that work with the 3 submitted forms).

**Responses to Illinois Department Comments made September 20, 2006:**

1. The optional general liability coverage is not available on a claims-made basis. The general liability coverage is occurrence based.
2. The manual pages enclosed with this filing titled Healthcare Provider are part of the Healthcare Providers Rate manual approved for use by your department on May 15, 2004. This filing is only adding new rules for the use of forms submitted in the forms portion of this filing. All other rates/rules in the manual remain the same as approved May 15, 2004. (The Illinois State Exception pages used with this filing are also approved for use under our recent filing #05-R2090.)
3. Please see response #2 under Responses to Comments made on September 18, 2006 above.

Thank you for your continued review of this filing. Please contact us with any further questions.

Sincerely,

Lakesha Houser

*Lakesha Houser*

Regulatory Filings Technician

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**I. APPLICATION OF MANUAL RULES**

- A. The rules contained in these pages shall govern the writing of Professional Liability policies for Healthcare Provider specialties described in Section XV below.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

**II. POLICY TERM**

Policies may be written for a term of one year, and renewed annually thereafter.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

**IV. FACTORS OR MULTIPLIERS**

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

**V. WHOLE DOLLAR RULE**

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

**VI. ADDITIONAL PREMIUM CHARGES**

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

**VII. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**VIII. DECREASED LIMITS OF LIABILITY**

When lower limits are offered, they will be provided on the following basis:

Limits of Liability	Decreased Limit Factor
\$100,000 / \$300,000	.64
\$100,000 / \$500,000	.65
\$200,000 / \$600,000	.69
\$250,000 / \$750,000	.71
\$200,000 / \$1,000,000	.71
\$500,000 / \$500,000	.76
\$500,000 / \$2,500,000	.83
\$1,000,000 / \$1,000,000	.94
\$1,000,000 / \$2,000,000	.95
\$1,000,000 / \$3,000,000	.96
\$1,000,000 / \$5,000,000	.98

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**IX. INCREASED LIMITS OF LIABILITY**

When higher limits are offered, they will be provided on the following basis:

Limits of Liability	Increased Limit Factor	Minimum Premium
\$1,000,000 / \$7,000,000	1.02	\$25
\$1,000,000 / \$8,000,000	1.03	\$30
\$2,000,000 / \$4,000,000	1.15	\$40
\$2,000,000 / \$5,000,000	1.17	\$50
\$2,000,000 / \$6,000,000	1.18	\$65
\$2,000,000 / \$7,000,000	1.19	\$75
\$2,000,000 / \$8,000,000	1.20	\$80

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**X. POLICY CANCELLATIONS**

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

**XI. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

**XII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)**

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- E. Upon termination of coverage under this policy by reason of disability or retirement by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period:
  - 1. total and permanent disability occurs; or
  - 2. the named insured retires during the policy period and:
    - a. is 55 years of age or older and has been insured by this Company for at least 5 years of claims-made coverage; or
    - b. has been insured by us for at least 10 years of claims-made coverage.
- F. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- G. Premium must be paid promptly when due.
- H. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- I. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- J. Extended Reporting Period Coverage will be granted with the following discounts, subject to the Extended Reporting Provisions of the Policy and the following schedule:

Consecutive Years of Coverage	Discount
10	Free
9	90%
8	80%
7	70%
6	60%
5	50%
4	40%
3	30%
2	20%
1	10%

- K. The factors in the following table shall be applied to the mature claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

**XIII. PRIOR ACTS COVERAGE (Occurrence only)**

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy, nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.
- B. The premium for Prior Acts Coverage is a one time only charge payable in advance or over the first three policy years in annual installments, but calculated in advance by applying the applicable factors from the table below to the current rate under this policy for limits of \$1,000,000/6,000,000 per occurrence.
- C. If the limit of liability under this coverage is other than \$1M/6M per occurrence, the premium developed under B above shall be adjusted by the appropriate increased or decreased limits factor.
- D. The premium will be charged annually, but calculated in advance:
  1. Determine the current premium under this policy for limits of \$1M/6M per occurrence;
  2. Enter the factor for the appropriate Prior Acts Period;
  3. Apply factor (s) successively for the desired number of years of Prior Acts;
  4. Apply the appropriate Increased/Decreased Limits Factor.

Prior Acts Period	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Prepaid Factors
1 year prior	.47	.28	.26	0.94
2 years prior	.70	.43	.40	1.42
3 years prior	.81	.44	.46	1.64
4+ years prior	.87	.53	.50	1.76

**XIV. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee of \$5 per payment.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XV. ISO CLASSIFICATION CODES**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>I</b>	<b>A</b> Occupational Therapists	80233
	Occupational Therapy Assistant	80233
	Certified Occupational Therapy Assistant	80233
	<b>B</b> Respiratory Care Provider	80945
	Respiratory Therapist	80945
<b>C</b>	Respiratory Therapist Technician/Technologist	80945
	Chiropractic Assistant	80233
	Optometric Technician/Assistant	80233
	Podiatric Assistant	80233

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>II</b>	Art Therapist	80945
	Dance Therapist	80945
	Music Therapist	80945
	Recreation Therapist	80945

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>III</b>	<b>A</b> LPN/LVN	80963
	Registered Nurse	80964
	<b>B</b> Dietician	80248
	Nutritionist	80248
<b>C</b>	Bio-medical Technician/Technologist	80711
	Blood Bank Technician/Technologist	80711
	Cardiology Technician/Technologist	80711
	Certified Lab Technician/Technologist	80711
	Certified Medical Assistant	80711
	Clinical Lab Technician/Technologist	80711
	Community Health Assistant	80618
	Community Health Technician/Technologist	80618
	Diagnostic Medical Sonographer	80711
	Dialysis Technician/Technologist	80711
	EEG Technician/Technologist	80711
	EKG Technician/Technologist	80711
	Electrologist	80711
	Health Educator	80711
	Histologic Technician/Technologist	80711
	Medical Assistant	80711
	Medical Laboratory Technician/Technologist	80711
	Medical Records Administrator	80711
	Medical Records Technician/Technologist	80711
	Medical Technician	80711
	Medical Technician/Technologist Assistant	80711
	Medical Technologist	80711

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XV. ISO CLASSIFICATION CODES (continued)**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>III C</b>	Mental Retardation Workers	80711
	Nuclear Medical Technician/Technologist	80711
	Phlebotomist	80711
	Radiation Therapist	80938
	Radiology Technician/Technologist	80938
	Surgical Technician/Technologist	80129
	X-Ray Machine Operator	80938
<b>D</b>	Home Health Aide	80618

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>IV A</b>	Pharmacist	59112
<b>B</b>	Pharmacy Technician	59112
<b>C</b>	Pedorthist	80233

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>V</b>	Circulation Tech	80945
	Perfusionist	80945

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VI A</b>	Corrective Therapist	80945
	Massage Therapist	80945
<b>B</b>	Enterostomal Therapist	80945
	Orthopedic Assistant	80233

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VII</b>	Athletic Trainer	80945
	Sports Medicine Instructor	80945
	Sports Medicine Therapist	80945
	Exercise Physiologist	80945
	Kinesiologist / Kinesiotherapist	80945
	Personal Trainer, Certified	80945

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VIII A</b>	Paramedic	72990
<b>B</b>	Basic / Intermediate Emergency Medical Technician	72990
<b>C</b>	Volunteer Emergency Medical Technician	72990

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>IX A</b>	Physical Therapist	80938
	Rehabilitation Therapist	80945
<b>B</b>	Physical Therapist Assistant	80938
	Rehabilitation Assistant	80945

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XV. ISO CLASSIFICATION CODES (continued)**

Class	Description	ISO CODE
<b>X</b>	No specialties in this class	

Class	Description	ISO CODE
<b>XI</b>	<b>Nurse Practitioners</b>	
<b>A</b>	Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	80964
<b>B</b>	Psychiatric	80964
<b>C</b>	Pediatric / Neonatal / Family Practice / Acute Critical Care	80964
<b>D</b>	Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	80964
<b>E</b>	Nurse Practitioner Student	80964

Class	Description	ISO CODE
<b>XII</b>	Audiologists	80714
	Speech Language Pathologist	80714
	Speech Hearing Therapist	80714

Class	Description	ISO CODE
<b>XIII</b>	Dental Hygienists	80210

Class	Description	ISO CODE
<b>XIV</b>	Laboratory Aide	80711
	Nurses Aide	80964
	Geriatric Nursing Assistant	80963
	Nursing Assistant	80963
	Physical Therapy Aide	80938
	Other Healthcare Aide (Excluding Home Health Aides)	80711

Class	Description	ISO CODE
<b>XV</b>	<b>A</b> Social Worker Clinical	72990
	<b>B</b> Psychotherapist / Psychologist	80998
	<b>C</b> Alcohol/Drug Counselor	72990
	Case Manager	72990
	Clinical/Rehabilitation Counselor	72990
	Pastoral Counselor	72990
	School Counselor	72990
	Wellness Counselor	80998
	<b>D</b> Marriage/Family Counselor	72990

Class	Description	ISO CODE
<b>XVI</b>	<b>A</b> Physician Assistant Class 1	80116
	<b>B</b> Physician Assistant Class 2	80116
	<b>C</b> Physician Assistant Class 3	80116



**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XVI. CALCULATION OF PREMIUM**

The premium for the policy shall be the sum of the applicable charges developed below:

- A. If more than one classification is applicable, the higher rated classification will be used for rating.
- B. The annual occurrence form base rate for each Healthcare Provider is stated on the state rate page.
- C. The annual claims made form rate for each Healthcare Provider shall be determined for Classes I through XVI as follows:
  1. If the Healthcare Provider is just entering practice, or the Healthcare Provider has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one level.
  2. If the Healthcare Provider has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company had been uninsured, the following procedure shall apply:
    - a. determine the number of years in which the Healthcare Provider was covered under such claims-made policy(ies);
    - b. determine the number of years in which the Healthcare Provider was uninsured;
    - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
    - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time Class I though XVI rate, found on the State Page:

Class	Step Rate Factors				
	Year 1	Year 2	Year 3	Year 4	Year 5
I through XVI	.32	.57	.77	.84	.99

**XVII. SCHEDULE RATING**

When applicable, apply the appropriate debit or credit based upon the following risk characteristics, subject to state specific limitations regarding on Schedule Rating:

	<u>CREDIT</u>	<u>DEBIT</u>
<i>Procedure Mix</i> Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.	0 - 25%	0 - 25%
<i>Exposure Modification</i> Applicable to those insureds who have an increased or reduced exposure.	0 - 25%	0 - 25%
<i>Unusual Risk Characteristics</i>	0 - 25%	0 - 25%
<i>Continuing Education</i> Applicable to insureds who are involved in a CNA approved continuing education program other than risk management programs.	0 - 25%	0 - 25%

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XVIII. RULES FOR INDIVIDUALS**

The following rules apply to eligible employed individuals and self employed non incorporated individuals only:

**A. Coverage**

The following coverage will be provided:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others; and
9. Workplace Liability.
10. Personal Liability.

- B.** The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

Coverage	Limits of Liability			
Professional Liability	\$ 1,000,000	Each claim	\$ 6,000,000	aggregate
Good Samaritan Liability	\$	included in PL limit above		
Personal Injury Liability	\$	included in PL limit above		
Malplacement Liability	\$	included in PL limit above		
License Protection	\$ 10,000	per proceeding	\$ 25,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 2,500	per incident	\$ 5,000	aggregate
Assault	\$ 10,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$		\$ 2,500	aggregate
Damage to Property of Others	\$ 500	per incident	\$ 10,000	aggregate
Personal Liability	\$		\$ 1,000,000	aggregate
Workplace Liability	\$	included in PL limit above		

**C. Supplemental Modifications - Individuals**

**1. New Healthcare Providers**

A new Healthcare Provider is defined as a Healthcare Provider who has completed the training in their specialty within the previous twelve (12) months, and who is applying for coverage as a non-incorporated individual. The credit will be a 50% credit for the first year or 25% for nurse practitioners. If application of the credit results in a rate which is less than the rate for another specialty for which the Healthcare Provider is covered, the higher rate will apply without discount.

The above credit does not apply if part time credit is given.

**2. Additional Insureds**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**3. Part Time**

Individual Healthcare Provider who works 24 or fewer hours per week may be eligible for restricted coverage at a rate reduction of 50% subject to a minimum premium.

- a. When part time rates result in an amount that is less than \$100, the rate will be the lesser of either the individual's full time base rate or \$100.
- b. If the individual's full time base rate is used, full coverage is afforded. If a rate, less than the full time rate, is used, part time reduced coverages will apply.
- c. Part time rate is available to an employed individual who works 24 or fewer hours per week in a self-employed capacity for that individual's self-employed pursuits.
- d. The part time rate reduction is not available for nurse practitioners and may be further restricted by underwriting guidelines.

**4. Retirement/Leave**

An Individual Healthcare Provider who is not actively employed as a Healthcare Provider but maintains an active license may be eligible for restricted coverage at a rate reduction of 50%. The reduced rate may be applied retroactively to the first day of retirement/leave, on the condition that the Company is notified within ten (10) days of the retirement/leave. If the company is notified at a later date, the discount may be applied as of the date the Company received the notice. This credit will not apply to firms or self employed incorporated individuals.

**5. Individual Risk Management Credit**

A credit of 10% will be applied to the annual premium applicable to an individual Healthcare Provider who attends a CNA approved loss prevention seminar, workshop, or other loss prevention program. This credit will be applied for a three year period.

**6. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Healthcare Provider's area of specialization.

**7. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, managing a patient's total care to ensure optimum outcome or utilization review.

**XIX. RULES FOR FIRMS**

The following rules are applicable to Firms. Firms include corporations, partnerships, organizations, sole proprietorship or self employed incorporated individuals.

**A. Coverage**

The following coverage will be provided to Firms on a shared limit of liability basis:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

7. First Aid;
8. Damage to Property of Others

**B. Limits of Liability**

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

<b>Coverage</b>	<b>Limits of Liability</b>			
Professional Liability	\$ 1,000,000	each claim	\$ 6,000,000	aggregate
Good Samaritan Liability	\$ included in PL limit above			
Personal Injury Liability	\$ included in PL limit above			
Malplacement Liability	\$ included in PL limit above			
License Protection	\$ 10,000	per proceeding	\$ 25,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$		\$ 10,000	aggregate
Assault	\$ 10,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$		\$ 2,500	aggregate
Damage to Property of Others	\$ 2,500	per incident	\$ 10,000	aggregate

*General Liability is available as an optional coverage.*

**C. Firm Rates & Policy Minimum**

1. The base rate for each healthcare professional will be the higher of the self employed rate shown on the State Rate page or \$300 each.
2. The base rate for each aide, technician or assistant will be the higher of the self employed rate shown on the State Rate page or \$175.
3. The base rate for home healthcare aide will be \$100 each.
4. The following minimum premium per policy shall apply to all firm policies except self-employed incorporated individuals with no employees. For these individuals, the self employed individual rate as shown on the State Rate Page shall apply as the Minimum.

Nurse Practitioner Firm	\$ 2,500
Physical Therapy Firms of 15 or more	\$5,000
All other Firms of 2 or more headcount	\$ 500

**D. Full Time Equivalents (FTE)**

For calculating headcount, where applicable, full time equivalents may be utilized for Firms. Full time is defined as 40 hours a week. The total number of hours per week for each profession will be divided by 40 to determine the number of full time equivalents for that profession.

The full time equivalent rule is subject to minimum policy premium and minimum headcount to FTE ratios.

**E. Supplemental Modifications - Firms**

**1. Size of Business**

A credit will be given based on the number of Healthcare Providers associated with the business. The following will be applied:

<b># of providers</b>	<b>Credit</b>
2 - 9	4%
10 - 14	8%
15 or more	12%

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**2. Business Loss Prevention Credit**

A credit of 5% will be applied to a firm who maintains a CNA approved loss prevention program, seminar or workshop for its employees. This credit will be applied for a one year period, and will be reviewed annually.

**3. Debits will be added based on the presence of the following:**

Category	Debit
Registry/Staffing	A surcharge of 25% of developed premium before debits/credits will be added to Firms that provide staffing to other facilities, firms or locations.
Background Check	A surcharge of 10% of developed premium before debits/credits will be added to Firms not performing background checks on their employees and independent contractors.
Nursing Home/Assisted Living/LTC	A surcharge of 25% of developed premium before debits/credits will be added to Firms that do more than 50% staffing of Nursing Home Facilities or Assisted Living Centers.
High Tech/Critical Care	A surcharge of 25% of developed premium before debits/credits will be added to Firms performing High Tech (i.e. Trach care, Ventilator care, Chemotherapy, etc.) or Critical Care.

**4. Separate Limits**

All ratable employees and the corporation may be provided separate limits. The following debit will be applied:

# of ratable employees	Debit
1	10.0%
2 - 9	12.0%
10 - 14	15.5%
15 or more	17.5%

**F. General Liability**

- Optional General Liability coverage may be purchased by self-employed incorporated individuals or firms with a \$1,000,000 aggregate limit. The annual rate is stated on the state rate page for the first facility based practice location.
- When a firm has multiple practice locations, and requests General Liability coverage, a \$50 charge per additional practice location will apply.
- When a firm provides home healthcare or staffing, the annual rate will be 25% of the developed Professional Liability rate, subject to \$150 per policy minimum.
- Other limits are available and associated with the following factors (which are with respect to the \$1M/\$1M rate).

Increased Limit	Increased Limit Factor
\$1M/\$1M	1.000

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

\$1M/\$2M	1.133
\$1M/\$3M	1.213
\$1M/\$4M	1.280
\$1M/\$5M	1.333
\$2M/\$5M	2.000

**G. Deductibles**

When deductible options are requested or required, the following credits should be applied to the developed policy premium. When General Liability is offered, the same deductible amount must be provided for both Professional Liability and General Liability.

Amount	Credit
\$0	0%
\$1,000	1%
\$2,500	2.5%
\$5,000	5%
\$10,000	10%
\$15,000	11%
\$20,000	13%
\$25,000	15%

**H. Additional Insured**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**I. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Consultant. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Firm's area of specialization.

**J. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Case Manager. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, developing treatment plans or managing a patient's total care.

**K. Medical Director or Administrator Liability**

Medical Director or Administrator coverage may be added to the policy on a Sub-limit basis. The Limit of Liability for this coverage: \$100,000 Each Claim / \$300,000 Aggregate is a sub-limit of the Professional Liability Limit shown on the Certificate of Insurance. The rate for each Medical Director or Administrator will be \$500 or 10% of the base premium, whichever is higher. The Medical Director or Administrator Liability endorsement extends Professional Liability coverage to include Administrative Services provided by a Physician or other Administrator.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XX. RULES FOR SCHOOL BLANKET**

The following rules are applicable to the School Blanket Policy for Healthcare Provider Students **ISO Code: 80998**.

**A. Coverage**

The following coverage will be provided to School Blanket on a shared limit of liability basis:

1. **Professional Liability** coverage for damages as a result of a claim arising out of a medical incident or personal injury out of the supplying of, or failure to supply services by a student or faculty and advisor of the named insured school; including vicarious liability for the school; includes **Personal Injury Liability**.
2. Grievance Proceedings
3. Defendant Expense Benefit
4. Deposition Representation
5. Assault
6. Medical Payments
7. First Aid
8. Damage to Property of Others

**B. Limits of Liability**

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

Coverage

Limits of Liability

Professional Liability	\$ 1,000,000	each claim	\$ 5,000,000	aggregate
Personal Injury Liability	\$ included in PL limit above			
Grievance Proceedings	\$ 1,000	per proceeding	\$ 10,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 1,000	per incident	\$ 5,000	aggregate
Assault	\$ 1,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$ 500	per incident	\$ 25,000	aggregate
Damage to Property of Others	\$ 250	per incident	\$ 10,000	aggregate

**C. School Rates & Policy Minimum**

1. Calculations will be made based on the estimated number of students (total annual headcount) in each of the covered curricula at the inception of the policy period.
2. Premium will be collected or returned for additions or deletions if the change modifies the student count by 25% or more when the change occurs during the first six months of the policy term. If the change occurs in the second half of the policy term, the policy will be reconciled at renewal.
3. A \$300 minimum annual premium shall apply to each School Blanket policy.

**D. Supplemental Modifications – School Blanket**

Modifications developed under the following shall be summed and applied as a single factor, subject to a maximum credit of 25%. Such credits shall apply on a one year basis, and will be subject to annual review.

**1. Claim-Free Credit**

A 10% credit applies if there have been no claims reported to the Company during the past three policy periods and the Company has provided coverage during each of those policy periods.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**2. Longevity Credit**

At the inception of a fourth consecutive policy period, a 5% credit will be granted to a school that has been insured in this program for the three preceding years.

**3. Size of School Modification**

The following credits will be applied based on the number of students covered on the policy:

Number of Students	Credit
500 – 1,000	5%
1,001- 2,499	10%
2,500+	15%

**E. Additional Insured**

An additional insured request for a landlord, government organization, charity or religious organization may be added to the policy on a shared limit of liability basis for no additional charge. Such additional insured shall be covered for their vicarious liability only as their interest appears.



**Neuman, Gayle**

**From:** Neuman, Gayle

**Sent:** Wednesday, September 20, 2006 10:55 AM

**To:** 'Lakesha.Houser@CNA.com'

**Subject:** American Casualty Company of Reading, PA - Rule Filing #06-2113-R

Ms. Houser,

In addition to the requests in my e-mail dated September 18, 2006, you are required to address the following:

1. Is the optional general liability coverage available on a claims-made policy? If so, the Extended Reporting Period Coverage requirements under XII will need to offer a) a free 5 year tail or (b) an unlimited tail with limits reinstated (100% of aggregate expiring limits for the duration) and premium capped (e.r.p. is limited to a 200% cap of the annual premium of the expiring policy). The company must inform the insured of the e.r.p. premium at the time the last policy is purchased. The premium will be priced as a factor of (1) the last 12 months' premium, (2) the premium in effect at policy issuance, or (3) the expiring annual premium. The form must list the factor(s) to be used to figure the premium, which of the three premiums the factor will be applied to, and any credits, discounts, etc. that will be added or removed when determining the final premium.
2. Are the two pages marked "Healthcare Provider" (that include the rates filed effective May 15, 2004) still current?
3. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. Additionally, we request a written statement indicating the only changes made to the filing were disclosed to this Division.

Your response is requested by September 29, 2006.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

9/20/2006

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**I. STATE ENDORSEMENTS**

State Provisions	G-123846-C12	Mandatory on all policies
State Amendments	G-123829-B12	Mandatory on all policies
State Amendments-ERP	G-123812-A12	Mandatory on all claims-made policies

**II. AMENDED RULES**

A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:

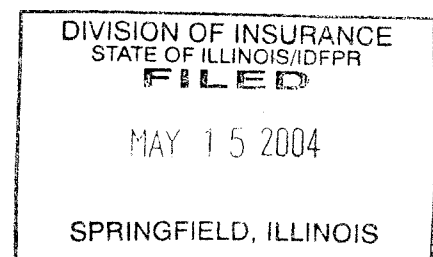
The maximum debit or credit to be applied under this plan shall be limited to 50%.

B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph I. is deleted in its entirety.

C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph K. is deleted in its entirety and replaced with the following:

K. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87



**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**III. RATES**

- A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

CLASS	EMPLOYED	SELF-EMPLOYED
I A	79	220 *
B	93	312
C	93	260
II	93	312
III A	89	300
B	93	260
C	93	182
D	93	100
IV A	146	390
B	93	182
C	115	323
V	156	312 **
VI A	182	988
B	182	312
VII	208	988
VIII A	166	239
B	151	217
C	78	78
IX A	164	467
B	83	234
X	---	---
XI A	620	765
B	876	1,082
C	1,133	1,398
D	1,390	1,717
E	250	N/A
XII	82	140
XIII	62	260
XIV	51	182
XV A	125	300
B	450	950
C	125	330
D	125	265
XVI A	889	N/A
B	1,091	N/A
C	1,309	N/A

\*Self-employed rates do not apply to Occupational Therapy Assistants or Certified Occupational Therapy Assistants

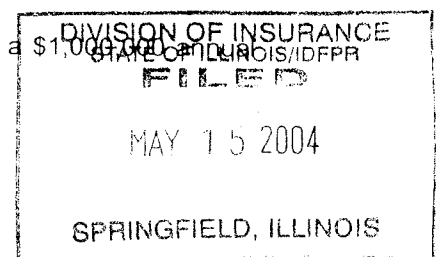
\*\* Self-employed Perfusionists are not eligible for coverage under this program.

**B. Student Rates**

The rate for an individual healthcare student is \$29, except \$250 for a nurse practitioner student.

**C. General Liability**

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150.



**Neuman, Gayle**

**From:** Houser,Lakesha [Lakesha.Houser@CNA.com]  
**Sent:** Monday, September 18, 2006 3:09 PM  
**To:** Neuman, Gayle  
**Subject:** RE: American Casualty Co. of Reading, PA - Rule Filing #06-2113-R  
**Importance:** High  
**Attachments:** 06-2113 F\_coverletter.doc; IL 06R-2113\_coverletter.doc

Thank you for your email referenced below.

Attached please find revised cover letters for the forms and rules.

We will be sending a response to the following shortly.

Thanks

Lakesha Houser

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Monday, September 18, 2006 3:43 PM  
**To:** Houser,Lakesha  
**Subject:** American Casualty Co. of Reading, PA - Rule Filing #06-2113-R

Ms. Houser,

We are in receipt of the above referenced filing submitted by your letter dated September 14, 2006. In the future, we require the company to submit rate/rule filings separately from form filings. We have separated these filings, and added "-R" to the filing number for the rule filing.

The following additional information/documentation is required:

1. It shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates and/or rate rules are based on sound actuarial principles and are not inconsistent with the company's experience. Please complete the attached certification form.
2. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. Additionally, we request a written statement indicating the only changes made to the filing were disclosed to this Division.
3. The new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR). The following requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds.
  - a. All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring

9/19/2006

after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

- b) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- c) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- d) No interest charges (indicate this with wording if applicable);
- e) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- f) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

We request receipt of your response by no later than September 29, 2006.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

E-MAIL CONFIDENTIALITY NOTICE: The contents of this e-mail message and any attachments are intended solely for the addressee(s) and may contain confidential and/or legally privileged information. If you are not the intended recipient of this message or if this message has been addressed to you in error, please immediately alert the sender by reply e-mail and then delete this message and any attachments. If you are not the intended recipient, you are notified that any use, dissemination, distribution, copying, or storage of this message or any attachment is strictly prohibited.

K

40 Wall Street - 9<sup>th</sup> Floor New York, New York 10005

September 18, 2006

Illinois Department of Insurance  
Property & Casualty Compliance Unit  
320 West Washington Street  
Springfield, IL 62767-0001

**Lakesha Houser**

Regulatory Filings Technician

P & C State Filing Unit

Telephone 212-440-3470

Facsimile 212-440-2877

Toll Free 877-269-3277 x 3470

Internet Lakesha.Houser@cna.com

RE: **American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560**

Healthcare Providers Services Organization Risk Purchasing Group

Professional Liability

Rule Filing

**Our File # 06-2113 R**

Dear Ms. Gayle Neuman:

On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the captioned rules filing for use with our Healthcare Providers Services Organization Program filed effective 10/15/2006 under state tracking number 05-R2090.

**Enclosed please find:**

- Revised Countrywide Manual Pages in which new rules applying to these new and revised forms have been added to section XVIII and XIX.

The Forms Filing Memorandum and three applicable new and revised forms have been sent under filing No.: 06-2113 F.

These changes will become applicable to all policies written on or after **October 15, 2006**, or the earliest date permitted by your state.

Sincerely,

*Lakesha Houser*

Lakesha Houser

Regulatory Filings Technician

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

**I. APPLICATION OF MANUAL RULES**

- A. The rules contained in these pages shall govern the writing of Professional Liability policies for Healthcare Provider specialties described in Section XV below.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

**II. POLICY TERM**

Policies may be written for a term of one year, and renewed annually thereafter.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

**IV. FACTORS OR MULTIPLIERS**

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

**V. WHOLE DOLLAR RULE**

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

**VI. ADDITIONAL PREMIUM CHARGES**

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

**VII. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

*Superseded*  
3-19-06

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

**VIII. DECREASED LIMITS OF LIABILITY**

When lower limits are offered, they will be provided on the following basis:

Limits of Liability	Decreased Limit Factor
\$100,000 / \$300,000	.64
\$100,000 / \$500,000	.65
\$200,000 / \$600,000	.69
\$250,000 / \$750,000	.71
\$200,000 / \$1,000,000	.71
\$500,000 / \$500,000	.76
\$500,000 / \$2,500,000	.83
\$1,000,000 / \$1,000,000	.94
\$1,000,000 / \$2,000,000	.95
\$1,000,000 / \$3,000,000	.96
\$1,000,000 / \$5,000,000	.98

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**IX. INCREASED LIMITS OF LIABILITY**

When higher limits are offered, they will be provided on the following basis:

Limits of Liability	Increased Limit Factor	Minimum Premium
\$1,000,000 / \$7,000,000	1.02	\$25
\$1,000,000 / \$8,000,000	1.03	\$30
\$2,000,000 / \$4,000,000	1.15	\$40
\$2,000,000 / \$5,000,000	1.17	\$50
\$2,000,000 / \$6,000,000	1.18	\$65
\$2,000,000 / \$7,000,000	1.19	\$75
\$2,000,000 / \$8,000,000	1.20	\$80

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**X. POLICY CANCELLATIONS**

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

**XI. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

**XII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)**

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.



**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- E. Upon termination of coverage under this policy by reason of disability or retirement by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period:
1. total and permanent disability occurs; or
  2. the named insured retires during the policy period and:
    - a. is 55 years of age or older and has been insured by this Company for at least 5 years of claims-made coverage; or
    - b. has been insured by us for at least 10 years of claims-made coverage.
- F. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- G. Premium must be paid promptly when due.
- H. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- I. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- J. Extended Reporting Period Coverage will be granted with the following discounts, subject to the Extended Reporting Provisions of the Policy and the following schedule:

Consecutive Years of Coverage	Discount
10	Free
9	90%
8	80%
7	70%
6	60%
5	50%
4	40%
3	30%
2	20%
1	10%

- K. The factors in the following table shall be applied to the mature claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFP  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

4 or more	.84	.55	.59	1.87
-----------	-----	-----	-----	------

**XIII. PRIOR ACTS COVERAGE (Occurrence only)**

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy, nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.
- B. The premium for Prior Acts Coverage is a one time only charge payable in advance or over the first three policy years in annual installments, but calculated in advance by applying the applicable factors from the table below to the current rate under this policy for limits of \$1,000,000/6,000,000 per occurrence.
- C. If the limit of liability under this coverage is other than \$1M/6M per occurrence, the premium developed under B above shall be adjusted by the appropriate increased or decreased limits factor.
- D. The premium will be charged annually, but calculated in advance:
  1. Determine the current premium under this policy for limits of \$1M/6M per occurrence;
  2. Enter the factor for the appropriate Prior Acts Period;
  3. Apply factor (s) successively for the desired number of years of Prior Acts;
  4. Apply the appropriate Increased/Decreased Limits Factor.

Prior Acts Period	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Prepaid Factors
1 year prior	.47	.28	.26	0.94
2 years prior	.70	.43	.40	1.42
3 years prior	.81	.44	.46	1.64
4+ years prior	.87	.53	.50	1.76

**XIV. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee of \$5 per payment.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**  
OCT 15 2006  
SPRINGFIELD, ILLINOIS

**XV. ISO CLASSIFICATION CODES**

Class		Description	ISO CODE
I	A	Occupational Therapists	80233
		Occupational Therapy Assistant	80233
		Certified Occupational Therapy Assistant	80233
	B	Respiratory Care Provider	80945
		Respiratory Therapist	80945
	C	Respiratory Therapist Technician/Technologist	80945
		Chiropractic Assistant	80233
		Optometric Technician/Assistant	80233
		Podiatric Assistant	80233

Class		Description	ISO CODE
II		Art Therapist	80945
		Dance Therapist	80945
		Music Therapist	80945
		Recreation Therapist	80945

Class		Description	ISO CODE
III	A	LPN/LVN	80963
		Registered Nurse	80964
	B	Dietician	80248
		Nutritionist	80248
	C	Bio-medical Technician/Technologist	80711
		Blood Bank Technician/Technologist	80711
		Cardiology Technician/Technologist	80711
		Certified Lab Technician/Technologist	80711
		Certified Medical Assistant	80711
		Clinical Lab Technician/Technologist	80711
		Community Health Assistant	80618
		Community Health Technician/Technologist	80618
		Diagnostic Medical Sonographer	80711
		Dialysis Technician/Technologist	80711
		EEG Technician/Technologist	80711
		EKG Technician/Technologist	80711
		Electrologist	80711
		Health Educator	80711
		Histologic Technician/Technologist	80711
		Medical Assistant	80711
		Medical Laboratory Technician/Technologist	80711
		Medical Records Administrator	80711
		Medical Records Technician/Technologist	80711
		Medical Technician	80711
		Medical Technician/Technologist Assistant	80711
		Medical Technologist	80711

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

**XV. ISO CLASSIFICATION CODES (continued)**

Class	Description	ISO CODE
III	C Mental Retardation Workers	80711
	Nuclear Medical Technician/Technologist	80711
	Phlebotomist	80711
	Radiation Therapist	80938
	Radiology Technician/Technologist	80938
	Surgical Technician/Technologist	80129
	X-Ray Machine Operator	80938
	D Home Health Aide	80618

Class	Description	ISO CODE
IV	A Pharmacist	59112
	B Pharmacy Technician	59112
	C Podiatrist	80233

Class	Description	ISO CODE
V	Circulation Tech	80945
	Perfusionist	80945

Class	Description	ISO CODE
VI	A Corrective Therapist	80945
	Massage Therapist	80945
	B Enterostomal Therapist	80945
	Orthopedic Assistant	80233

Class	Description	ISO CODE
VII	Athletic Trainer	80945
	Sports Medicine Instructor	80945
	Sports Medicine Therapist	80945
	Exercise Physiologist	80945
	Kinesiologist / Kinesiotherapist	80945
	Personal Trainer, Certified	80945

Class	Description	ISO CODE
VIII	A Paramedic	72990
	B Basic / Intermediate Emergency Medical Technician	72990
	C Volunteer Emergency Medical Technician	72990

Class	Description	ISO CODE
IX	A Physical Therapist	80938
	Rehabilitation Therapist	80945
	B Physical Therapist Assistant	80938
	Rehabilitation Assistant	80945

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

**XV. ISO CLASSIFICATION CODES (continued)**

Class	Description	ISO CODE
X	No specialties in this class	

Class	Description	ISO CODE
XI	<b>Nurse Practitioners</b>	
A	Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	80964
B	Psychiatric	80964
C	Pediatric / Neonatal / Family Practice / Acute Critical Care	80964
D	Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	80964
E	Nurse Practitioner Student	80964

Class	Description	ISO CODE
XII	Audiologists	80714
	Speech Language Pathologist	80714
	Speech Hearing Therapist	80714

Class	Description	ISO CODE
XIII	Dental Hygienists	80210

Class	Description	ISO CODE
XIV	Laboratory Aide	80711
	Nurses Aide	80964
	Geriatric Nursing Assistant	80963
	Nursing Assistant	80963
	Physical Therapy Aide	80938
	Other Healthcare Aide (Excluding Home Health Aides)	80711

Class	Description	ISO CODE
XV	<b>A Social Worker Clinical</b>	72990
	<b>B Psychotherapist / Psychologist</b>	80998
	<b>C Alcohol/Drug Counselor</b>	72990
	Case Manager	72990
	Clinical/Rehabilitation Counselor	72990
	Pastoral Counselor	72990
	School Counselor	72990
	Wellness Counselor	80998
	<b>D Marriage/Family Counselor</b>	72990

Class	Description	ISO CODE
XVI	<b>A Physician Assistant Class 1</b>	80116
	<b>B Physician Assistant Class 2</b>	80116
	<b>C Physician Assistant Class 3</b>	80116

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

**XVI. CALCULATION OF PREMIUM**

The premium for the policy shall be the sum of the applicable charges developed below:

- A. If more than one classification is applicable, the higher rated classification will be used for rating.
- B. The annual occurrence form base rate for each Healthcare Provider is stated on the state rate page.
- C. The annual claims made form rate for each Healthcare Provider shall be determined for Classes I through XVI as follows:
  1. If the Healthcare Provider is just entering practice, or the Healthcare Provider has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one level.
  2. If the Healthcare Provider has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company had been uninsured, the following procedure shall apply:
    - a. determine the number of years in which the Healthcare Provider was covered under such claims-made policy(ies);
    - b. determine the number of years in which the Healthcare Provider was uninsured;
    - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
    - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time Class I though XVI rate, found on the State Page:

	Step Rate Factors				
Class	Year 1	Year 2	Year 3	Year 4	Year 5
I through XVI	.32	.57	.77	.84	.99

**XVII. SCHEDULE RATING**

When applicable, apply the appropriate debit or credit based upon the following risk characteristics, subject to state specific limitations regarding on Schedule Rating:

	<u>CREDIT</u>	<u>DEBIT</u>
<i>Procedure Mix</i> Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.	0 - 25%	0 - 25%
<i>Exposure Modification</i> Applicable to those insureds who have an increased or reduced exposure.	0 - 25%	0 - 25%
<i>Unusual Risk Characteristics</i>	0 - 25%	0 - 25%
<i>Continuing Education</i> Applicable to insureds who are involved in a CNA approved continuing education program other than risk management programs.	0 - 25%	0 - 25%

**XVIII. RULES FOR INDIVIDUALS**

The following rules apply to eligible employed individuals and self employed non incorporated individuals only:

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

SPRINGFIELD, ILLINOIS

**A. Coverage**

The following coverage will be provided:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others; and
9. Workplace Liability.
10. Personal Liability.

- B.** The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

**Coverage**

**Limits of Liability**

Professional Liability	\$ 1,000,000	Each claim	\$ 6,000,000	aggregate
Good Samaritan Liability	\$	included in PL limit above		
Personal Injury Liability	\$	included in PL limit above		
Malplacement Liability	\$	included in PL limit above		
License Protection	\$ 10,000	per proceeding	\$ 25,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 2,500	per incident	\$ 5,000	aggregate
Assault	\$ 10,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$		\$ 2,500	aggregate
Damage to Property of Others	\$ 500	per incident	\$ 10,000	aggregate
Personal Liability	\$		\$ 1,000,000	aggregate
Workplace Liability	\$	included in PL limit above		

**C. Supplemental Modifications - Individuals**

**1. New Healthcare Providers**

A new Healthcare Provider is defined as a Healthcare Provider who has completed the training in their specialty within the previous twelve (12) months, and who is applying for coverage as a non-incorporated individual. The credit will be a 50% credit for the first year or 25% for nurse practitioners. If application of the credit results in a rate which is less than the rate for another specialty for which the Healthcare Provider is covered, the higher rate will apply without discount.

The above credit does not apply if part time credit is given.

**2. Additional Insureds**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**3. Part Time**

Individual Healthcare Provider who works 24 or fewer hours per week may be eligible for restricted coverage at a rate reduction of 50% subject to a minimum premium.

- a. When part time rates result in an amount that is less than \$100, the rate will be the lesser of either the individual's full time base rate or \$100.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

STATE OF ILLINOIS/IDFPR  
**FILED**  
OCT 15 2006  
SPRINGFIELD, ILLINOIS

- b. If the individual's full time base rate is used, full coverage is afforded. If a rate, less than the full time rate, is used, part time reduced coverages will apply.
- c. Part time rate is available to an employed individual who works 24 or fewer hours per week in a self-employed capacity for that individual's self-employed pursuits.
- d. The part time rate reduction is not available for nurse practitioners and may be further restricted by underwriting guidelines.

**4. Retirement/Leave**

An Individual Healthcare Provider who is not actively employed as a Healthcare Provider but maintains an active license may be eligible for restricted coverage at a rate reduction of 50%. The reduced rate may be applied retroactively to the first day of retirement/leave, on the condition that the Company is notified within ten (10) days of the retirement/leave. If the company is notified at a later date, the discount may be applied as of the date the Company received the notice. This credit will not apply to firms or self employed incorporated individuals.

**5. Individual Risk Management Credit**

A credit of 10% will be applied to the annual premium applicable to an individual Healthcare Provider who attends a CNA approved loss prevention seminar, workshop, or other loss prevention program. This credit will be applied for a three year period.

**6. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Healthcare Provider's area of specialization.

**7. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, managing a patient's total care to ensure optimum outcome or utilization review.

**XIX. RULES FOR FIRMS**

The following rules are applicable to Firms. Firms include corporations, partnerships, organizations, sole proprietorship or self employed incorporated individuals.

**A. Coverage**

The following coverage will be provided to Firms on a shared limit of liability basis:

- 1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
- 2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
- 3. Defendant Expense Benefit;
- 4. Deposition Representation;
- 5. Assault;
- 6. Medical Payments;
- 7. First Aid;
- 8. Damage to Property of Others

**B. Limits of Liability**

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:



**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

OCT 15 2006

**Coverage**

**Limits of Liability** SPRINGFIELD, ILLINOIS

Professional Liability	\$ 1,000,000	each claim	\$ 6,000,000	aggregate
Good Samaritan Liability	\$	included in PL limit above		
Personal Injury Liability	\$	included in PL limit above		
Malplacement Liability	\$	included in PL limit above		
License Protection	\$ 10,000	per proceeding	\$ 25,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$		\$ 10,000	aggregate
Assault	\$ 10,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$		\$ 2,500	aggregate
Damage to Property of Others	\$ 2,500	per incident	\$ 10,000	aggregate

*General Liability is available as an optional coverage.*

**C. Firm Rates & Policy Minimum**

1. The base rate for each healthcare professional will be the higher of the self employed rate shown on the State Rate page or \$300 each.
2. The base rate for each aide, technician or assistant will be the higher of the self employed rate shown on the State Rate page or \$175.
3. The base rate for home healthcare aide will be \$100 each.
4. The following minimum premium per policy shall apply to all firm policies except self-employed incorporated individuals with no employees. For these individuals, the self employed individual rate as shown on the State Rate Page shall apply as the Minimum.

Nurse Practitioner Firm	\$ 2,500
Physical Therapy Firms of 15 or more	\$5,000
All other Firms of 2 or more headcount	\$ 500

**D. Full Time Equivalents (FTE)**

For calculating headcount, where applicable, full time equivalents may be utilized for Firms. Full time is defined as 40 hours a week. The total number of hours per week for each profession will be divided by 40 to determine the number of full time equivalents for that profession.

The full time equivalent rule is subject to minimum policy premium and minimum headcount to FTE ratios.

**E. Supplemental Modifications - Firms**

**1. Size of Business**

A credit will be given based on the number of Healthcare Providers associated with the business. The following will be applied:

# of providers	Credit
2 - 9	4%
10 - 14	8%
15 or more	12%

**2. Business Loss Prevention Credit**

A credit of 5% will be applied to a firm who maintains a CNA approved loss prevention program, seminar or workshop for its employees. This credit will be applied for a one year period, and will be reviewed annually.

3. Debits will be added based on the presence of the following:

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**  
OCT 15 2006  
SPRINGFIELD, ILLINOIS

Category	Debit
Registry/Staffing	A surcharge of 25% of developed premium before debits/credits will be added to Firms that provide staffing to other facilities, firms or locations.
Background Check	A surcharge of 10% of developed premium before debits/credits will be added to Firms not performing background checks on their employees and independent contractors.
Nursing Home/Assisted Living/LTC	A surcharge of 25% of developed premium before debits/credits will be added to Firms that do more than 50% staffing of Nursing Home Facilities or Assisted Living Centers.
High Tech/Critical Care	A surcharge of 25% of developed premium before debits/credits will be added to Firms performing High Tech (i.e. Trach care, Ventilator care, Chemotherapy, etc.) or Critical Care.

**4. Separate Limits**

All ratable employees and the corporation may be provided separate limits. The following debit will be applied:

# of ratable employees	Debit
1	10.0%
2 - 9	12.0%
10 - 14	15.5%
15 or more	17.5%

**F. General Liability**

- Optional General Liability coverage may be purchased by self-employed incorporated individuals or firms with a \$1,000,000 aggregate limit. The annual rate is stated on the state rate page for the first facility based practice location.
- When a firm has multiple practice locations, and requests General Liability coverage, a \$50 charge per additional practice location will apply.
- When a firm provides home healthcare or staffing, the annual rate will be 25% of the developed Professional Liability rate, subject to \$150 per policy minimum.
- Other limits are available and associated with the following factors (which are with respect to the \$1M/\$1M rate).

Increased Limit	Increased Limit Factor
\$1M/\$1M	1.000
\$1M/\$2M	1.133
\$1M/\$3M	1.213
\$1M/\$4M	1.280
\$1M/\$5M	1.333
\$2M/\$5M	2.000

**G. Deductibles**

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

STATE OF ILLINOIS/IDFPR  
**FILED**  
OCT 15 2006  
SPRINGFIELD, ILLINOIS

When deductible options are requested or required, the following credits should be applied to the developed policy premium. When General Liability is offered, the same deductible amount must be provided for both Professional Liability and General Liability.

Amount	Credit
\$0	0%
\$1,000	1%
\$2,500	2.5%
\$5,000	5%
\$10,000	10%
\$15,000	11%
\$20,000	13%
\$25,000	15%

**H. Additional Insured**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**I. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Consultant. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Firm's area of specialization.

**J. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Case Manager. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, developing treatment plans or managing a patient's total care.

**K. Medical Director or Administrator Liability**

Medical Director or Administrator coverage may be added to the policy on a Sub-limit basis. The Limit of Liability for this coverage: \$100,000 Each Claim / \$300,000 Aggregate is a sub-limit of the Professional Liability Limit shown on the Certificate of Insurance. The rate for each Medical Director or Administrator will be \$500 or 10% of the base premium, whichever is higher. The Medical Director or Administrator Liability endorsement extends Professional Liability coverage to include Administrative Services provided by a Physician or other Administrator.

**XX. RULES FOR SCHOOL BLANKET**

The following rules are applicable to the School Blanket Policy for Healthcare Provider Students **ISO Code: 80998**.

**A. Coverage**

The following coverage will be provided to School Blanket on a shared limit of liability basis:

- 1. Professional Liability** coverage for damages as a result of a claim arising out of a medical incident or personal injury out of the supplying of, or failure to supply services by a student or faculty and advisor of the named insured school; including vicarious liability for the school; includes **Personal Injury Liability**.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**  
OCT 15 2006  
SPRINGFIELD, ILLINOIS

2. Grievance Proceedings
3. Defendant Expense Benefit
4. Deposition Representation
5. Assault
6. Medical Payments
7. First Aid
8. Damage to Property of Others

**B. Limits of Liability**

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

**Coverage**

**Limits of Liability**

Professional Liability	\$ 1,000,000	each claim	\$ 5,000,000	aggregate
Personal Injury Liability	\$ included in PL limit above			
Grievance Proceedings	\$ 1,000	per proceeding	\$ 10,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 1,000	per incident	\$ 5,000	aggregate
Assault	\$ 1,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$ 500	per incident	\$ 25,000	aggregate
Damage to Property of Others	\$ 250	per incident	\$ 10,000	aggregate

**C. School Rates & Policy Minimum**

1. Calculations will be made based on the estimated number of students (total annual headcount) in each of the covered curricula at the inception of the policy period.
2. Premium will be collected or returned for additions or deletions if the change modifies the student count by 25% or more when the change occurs during the first six months of the policy term. If the change occurs in the second half of the policy term, the policy will be reconciled at renewal.
3. A \$300 minimum annual premium shall apply to each School Blanket policy.

**D. Supplemental Modifications – School Blanket**

Modifications developed under the following shall be summed and applied as a single factor, subject to a maximum credit of 25%. Such credits shall apply on a one year basis, and will be subject to annual review.

**1. Claim-Free Credit**

A 10% credit applies if there have been no claims reported to the Company during the past three policy periods and the Company has provided coverage during each of those policy periods.

**2. Longevity Credit**

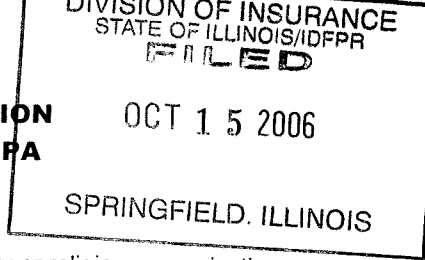
At the inception of a fourth consecutive policy period, a 5% credit will be granted to a school that has been insured in this program for the three preceding years.

**3. Size of School Modification**

The following credits will be applied based on the number of students covered on the policy:

Number of Students	Credit
500 – 1,000	5%
1,001- 2,499	10%
2,500+	15%

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**



**E. Additional Insured**

An additional insured request for a landlord, government organization, charity or religious organization may be added to the policy on a shared limit of liability basis for no additional charge. Such additional insured shall be covered for their vicarious liability only as their interest appears.

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**  
**ILLINOIS (12)**  
**OCT 15 2006**  
**SPRINGFIELD, ILLINOIS**

**I. STATE ENDORSEMENTS**

State Provisions	G-123846-C12	Mandatory on all policies
State Amendments	G-123829-B12	Mandatory on all policies
State Amendments-ERP	G-123812-A12	Mandatory on all claims-made policies

**II. AMENDED RULES**

A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:

The maximum debit or credit to be applied under this plan shall be limited to 50%.

B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph I. is deleted in its entirety.

C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph K. is deleted in its entirety and replaced with the following:

K. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

D. Rule XIV, Premium Payment Plan is deleted in its entirety and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;

ILLINOIS (12)  
OCT 15 2006

SPRINGFIELD, ILLINOIS

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**III. RATES**

- A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

CLASS	EMPLOYED	SELF-EMPLOYED
I A	79	220
B	93	312
C	93	260
II	93	312
III A	98	300
B	93	260
C	93	182
D	93	100
IV A	146	390
B	93	182
C	115	323
V	156	312
VI A	182	988
B	182	312
VII	208	988
VIII A	166	239
B	151	217
C	78	78
IX A	164	467
B	83	234
X	---	---
XI A	683	842
B	964	1,191
C	1,247	1,539
D	1,530	1,890
E	275	N/A
XII	82	140
XIII	62	260
XIV	51	182
XV A	125	300
B	450	950
C	125	330
D	125	265
XVI A	889	N/A
B	1,091	N/A
C	1,309	N/A

**B. Student Rates**

The rate for an individual healthcare student is \$29, except \$275 for a nurse practitioner student.

**C. General Liability**

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150.

**D. Student Blanket**

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.